

Inflation Rate re: Expenses: 3.32%

Pro Forma
Assumes Proposed
Rate Increase

NEW LANDING UTILITY, INC.
December 31, 2004-2010
Income Statement Analysis

Yearly Rate
Side Yard: Water - \$81.00
Side Yard: Sewer - \$81.00
Side Yards in 2004 - 80

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| acct. | Description | Water | Pro Forma Sewer | 2004 Total | Water | Pro Forma Sewer | 2005 Total | Water | Pro Forma Sewer | 2006 Total |
|-------|--|------------|-----------------|------------|-----------|-----------------|------------|-----------|-----------------|------------|
| Water | Sewer | | | | | | | | | |
| | Revenues | | | | | | | | | |
| | <u>Operating Revenue</u> | | | | | | | | | |
| 60 | 521.1 Unmetered (Availability Rates) | \$111,780 | \$111,780 | \$223,560 | \$109,544 | \$109,544 | \$219,088 | \$107,354 | \$107,354 | \$214,707 |
| 60 | 521.1 Unmetered (Side Yard Rate) | \$6,480 | \$6,480 | \$12,960 | \$6,739 | \$6,739 | \$13,478 | \$7,009 | \$7,009 | \$14,018 |
| 61.1 | 522.1 Metered: Rates | \$115,000 | \$65,000 | \$180,000 | \$123,050 | \$72,150 | \$195,200 | \$131,664 | \$80,087 | \$211,750 |
| 61.1 | Surcharge | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 |
| | <u>Total Sales</u> | \$238,390 | \$183,260 | \$421,650 | \$244,464 | \$188,434 | \$432,897 | \$251,156 | \$194,449 | \$445,605 |
| 170 | 532 Forfeited Discounts | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 |
| 174 | 536 Other Revenues (Hook-on fees) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Main Replacement Charge | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | <u>Total Other Revenues</u> | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 |
| 100 | 400 <u>Total Operating Revenues</u> | \$324,690 | \$218,260 | \$542,950 | \$330,764 | \$223,434 | \$554,197 | \$337,456 | \$229,449 | \$566,905 |
| | To Main Replacement Reserve | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | <u>Adjusted Operating Revenue</u> | \$273,390 | \$218,260 | \$491,650 | \$279,464 | \$223,434 | \$502,897 | \$286,156 | \$229,449 | \$515,605 |
| | Expenses | | | | | | | | | |
| | <u>Operation & Maintenance</u> | | | | | | | | | |
| 120 | 720 Materials & Supplies | \$1,200 | \$2,275 | \$3,475 | \$1,240 | \$2,351 | \$3,590 | \$1,281 | \$2,429 | \$3,710 |
| 115 | 715 Purchased Power | \$9,100 | \$9,100 | \$18,200 | \$9,402 | \$9,402 | \$18,804 | \$9,714 | \$9,714 | \$19,429 |
| 118 | 718 Chemicals | \$2,300 | \$2,300 | \$4,600 | \$2,376 | \$2,376 | \$4,753 | \$2,455 | \$2,455 | \$4,911 |
| 158 | 770 Bad Debt Expense | \$35,000 | \$28,000 | \$61,000 | \$35,000 | \$28,000 | \$61,000 | \$35,000 | \$28,000 | \$61,000 |
| 132 | 732 Contract Services: Accounting | \$2,000 | \$2,000 | \$4,000 | \$2,068 | \$2,068 | \$4,133 | \$2,135 | \$2,135 | \$4,270 |
| 133 | 733 Contract Services: Legal | \$153,500 | \$20,360 | \$173,860 | \$12,100 | \$23,100 | \$35,200 | \$5,600 | \$83,100 | \$88,700 |
| 134 | 734 Contract Services: Management | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 |
| 136 | 736 Contract services: Other | \$40,000 | \$40,000 | \$80,000 | \$41,328 | \$41,328 | \$82,656 | \$42,700 | \$42,700 | \$85,400 |
| 141 | 741 Rents | \$1,800 | \$1,800 | \$3,600 | \$1,880 | \$1,880 | \$3,720 | \$1,922 | \$1,922 | \$3,843 |
| 157 | 757 Insurance: General Liability | \$3,750 | \$3,750 | \$7,500 | \$3,874 | \$3,874 | \$7,749 | \$4,003 | \$4,003 | \$8,006 |
| 167 | 767 Reg. Comm'n Exp: Other | \$75 | \$5,075 | \$5,150 | \$77 | \$5,243 | \$5,321 | \$80 | \$5,418 | \$5,498 |
| 175 | 775 Miscellaneous Exp. | \$2,200 | \$2,200 | \$4,400 | \$2,273 | \$2,273 | \$4,546 | \$2,349 | \$2,349 | \$4,697 |
| 101 | 401 <u>Total Operation & Maintenance</u> | \$254,225 | \$118,160 | \$372,375 | \$114,898 | \$123,174 | \$238,072 | \$110,559 | \$185,554 | \$296,123 |
| 103 | 403 Depreciation | \$25,000 | \$15,250 | \$40,250 | \$25,000 | \$21,000 | \$46,000 | \$25,000 | \$21,000 | \$46,000 |
| 107 | 407 Amortization (incl'd rate case exp) | \$1,063 | \$107 | \$1,170 | \$7,063 | \$6,107 | \$13,170 | \$7,063 | \$6,107 | \$13,170 |
| 108.1 | 408.1 Taxes Other than Income | \$4,000 | \$4,000 | \$8,000 | \$4,133 | \$4,133 | \$8,266 | \$4,270 | \$4,270 | \$8,540 |
| | <u>Utility Operating Income: Water</u> | (\$10,898) | \$80,753 | \$69,855 | \$128,370 | \$68,020 | \$197,390 | \$139,254 | \$12,518 | \$151,772 |
| 119 | 419 Interest Income | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 |
| 127 | 427 Interest Expense | \$8,000 | \$8,000 | \$12,000 | \$8,000 | \$8,000 | \$12,000 | \$8,000 | \$8,000 | \$12,000 |
| 133 | 433 Extraordinary Adjustment (Note 1) | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 |
| | <u>NET INCOME (LOSS)</u> | (\$6,787) | \$79,811 | \$73,023 | \$132,481 | \$68,077 | \$200,558 | \$143,365 | \$11,576 | \$154,940 |

Note 1: Depreciation of CIAC

Other Payments

| | | | | | | | | | |
|--|-------------|----------|---------------|----------|-----------|---------------|----------|------------|---------------|
| For Water Tower Renovation | \$80,000 | | \$80,000 | \$80,000 | | \$80,000 | \$80,000 | | \$80,000 |
| For Sewer Plant Renovation | | \$0 | \$0 | | \$75,000 | \$75,000 | | \$75,000 | \$75,000 |
| For Lost Nation Repairs | \$25,000 | | \$25,000 | \$0 | | \$0 | \$0 | | \$0 |
| Long-Term Debt Pymts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Accrued Interest Pymts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Letter Agreement Pymts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <u>Subtotal, Other Pymts</u> | \$105,000 | \$0 | \$105,000 | \$80,000 | \$75,000 | \$155,000 | \$80,000 | \$75,000 | \$155,000 |
| <u>NET INCOME (LOSS)</u> | (\$111,787) | \$79,811 | (\$31,977) | \$52,481 | (\$6,923) | \$45,558 | \$63,365 | (\$63,424) | (\$60) |
| Retained Earnings Account at Jan. 1 | | | (\$1,285,289) | | | (\$1,317,288) | | | (\$1,317,288) |
| Rate Base at Jan 1 | | | \$533,633 | | | \$750,000 | | | \$1,000,000 |
| Rate of Return, pro forma (%) | | | -5.99% | | | 6.07% | | | -0.01% |
| Additional revenue required to earn | | | | | | | | | |
| Target Rate of Return: 10.3% | | | \$88,941 | | | \$31,892 | | | \$103,060 |
| Average Rate of Return | | | -5.99% | | | 0.04% | | | 0.03% |
| Balance, Line Replacement Reserve | | | \$51,300 | | | \$104,909 | | | \$160,929 |
| Increase in Payables to Associated Companies | | | \$13,200 | | | \$0 | | | \$0 |
| Decrease (Increase) in Accounts payable | | | (\$18,777) | | | \$45,558 | | | (\$80) |
| Remaining Balance: 2003 Accounts Payable | | | \$228,664 | | | \$181,106 | | | \$181,165 |
| Gain (Loss) added to Retained Earnings | | | (\$31,977) | | | \$0 | | | \$0 |

Inflation Rate re: Expenses: 3.32%

| Acct. | Water | Sewer | Description | Water | Pro Forma Sewer | 2007 Total | Water | Pro Forma Sewer | 2008 Total | Water | Pro Forma Sewer | 2009 Total |
|------------------------------------|-------|-------|--|------------------|-------------------|--------------------|------------------|-------------------|--------------------|------------------|------------------|--------------------|
| Revenues | | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | | |
| 460 | 521.1 | | Unmetered (Availability Rates) | \$105,206 | \$105,206 | \$210,413 | \$103,102 | \$103,102 | \$206,205 | \$101,040 | \$101,040 | \$202,081 |
| 460 | 521.1 | | Unmetered (Side Yard Rate) | \$7,289 | \$7,289 | \$14,578 | \$7,581 | \$7,581 | \$15,161 | \$7,884 | \$7,884 | \$15,768 |
| 461.1 | 522.1 | | Metered: Rates | \$140,880 | \$88,896 | \$229,776 | \$150,742 | \$98,675 | \$249,418 | \$161,293 | \$109,529 | \$270,822 |
| 461.1 | | | Surcharge | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 |
| | | | Total Sales | \$258,506 | \$201,392 | \$459,897 | \$266,555 | \$209,358 | \$475,912 | \$275,348 | \$218,453 | \$493,801 |
| 470 | 532 | | Forfeited Discounts | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 |
| 474 | 536 | | Other Revenues(Hook-on fees) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | Main Replacement Charge | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | | | Total Other Revenues | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 |
| 400 | 400 | | Total Operating Revenues | \$344,806 | \$236,392 | \$581,197 | \$352,855 | \$244,358 | \$597,212 | \$361,648 | \$253,453 | \$615,101 |
| | | | To Main Replacement Reserve | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | | | | \$293,506 | \$236,392 | \$529,897 | \$301,555 | \$244,358 | \$545,912 | \$310,348 | \$253,453 | \$563,801 |
| Expenses | | | | | | | | | | | | |
| Operation & Maintenance | | | | | | | | | | | | |
| 620 | 720 | | Materials & Supplies | \$1,324 | \$2,509 | \$3,833 | \$1,367 | \$2,593 | \$3,960 | \$1,413 | \$2,679 | \$4,091 |
| 615 | 715 | | Purchased Power | \$10,037 | \$10,037 | \$20,074 | \$10,370 | \$10,370 | \$20,740 | \$10,714 | \$10,714 | \$21,429 |
| 618 | 718 | | Chemicals | \$2,537 | \$2,537 | \$5,074 | \$2,621 | \$2,621 | \$5,242 | \$2,708 | \$2,708 | \$5,418 |
| 658 | 770 | | Bad Debt Expense | \$35,000 | \$26,000 | \$61,000 | \$35,000 | \$26,000 | \$61,000 | \$35,000 | \$26,000 | \$61,000 |
| 632 | 732 | | Contract Services: Accounting | \$2,206 | \$2,206 | \$4,412 | \$2,279 | \$2,279 | \$4,558 | \$2,355 | \$2,355 | \$4,710 |
| 633 | 733 | | Contract Services: Legal | \$2,800 | \$27,300 | \$29,900 | \$2,600 | \$2,600 | \$5,200 | \$2,686 | \$2,686 | \$5,373 |
| 634 | 734 | | Contract Services: Management | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 |
| 636 | 736 | | Contract services: Other | \$44,118 | \$44,118 | \$88,235 | \$45,582 | \$45,582 | \$91,165 | \$47,096 | \$47,096 | \$94,192 |
| 641 | 741 | | Rents | \$1,985 | \$1,985 | \$3,971 | \$2,051 | \$2,051 | \$4,102 | \$2,119 | \$2,119 | \$4,239 |
| 657 | 757 | | Insurance: General Liability | \$4,136 | \$4,136 | \$8,272 | \$4,273 | \$4,273 | \$8,547 | \$4,415 | \$4,415 | \$8,830 |
| 667 | 767 | | Reg. Comm'n Exp: Other | \$83 | \$5,597 | \$5,680 | \$85 | \$5,783 | \$5,869 | \$88 | \$5,975 | \$6,064 |
| 675 | 775 | | Miscellaneous Exp. | \$2,426 | \$2,426 | \$4,853 | \$2,507 | \$2,507 | \$5,014 | \$2,590 | \$2,590 | \$5,181 |
| 401 | 401 | | Total Operation & Maintenance | \$109,761 | \$132,152 | \$241,903 | \$112,037 | \$109,980 | \$221,997 | \$114,485 | \$112,638 | \$227,123 |
| 403 | 403 | | Depreciation | \$25,000 | \$21,000 | \$46,000 | \$25,000 | \$21,000 | \$46,000 | \$25,000 | \$21,000 | \$46,000 |
| 407 | 407 | | Amortization (Incld rate case exp) | \$7,063 | \$6,107 | \$13,170 | \$7,063 | \$6,107 | \$13,170 | \$7,063 | \$6,107 | \$13,170 |
| 408.1 | 408.1 | | Taxes Other than Income | \$4,412 | \$4,412 | \$8,824 | \$4,558 | \$4,558 | \$9,116 | \$4,710 | \$4,710 | \$9,419 |
| | | | Utility Operating Income: Water | \$147,279 | \$72,721 | \$220,001 | \$152,896 | \$102,732 | \$255,629 | \$159,090 | \$108,999 | \$268,088 |
| 419 | 419 | | Interest Income | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 |
| 427 | 427 | | Interest Expense | \$6,000 | \$6,000 | \$12,000 | \$6,000 | \$6,000 | \$12,000 | \$6,000 | \$6,000 | \$12,000 |
| 433 | 433 | | Extraordinary Adjustment (Note 1) | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 |
| | | | NET INCOME (LOSS) | \$151,390 | \$71,779 | \$223,169 | \$157,007 | \$101,790 | \$258,797 | \$163,201 | \$108,056 | \$271,257 |
| Note 1: Depreciation of CIAC | | | | | | | | | | | | |
| Other Payments | | | | | | | | | | | | |
| | | | For Tower Maintenance Contract | \$9,000 | | \$9,000 | \$9,000 | | \$9,000 | \$9,000 | | \$9,000 |
| | | | For Sewer Plant Renovation | | \$75,000 | \$75,000 | | \$75,000 | \$75,000 | | \$5,000 | \$5,000 |
| | | | For Lost Nation Repairs | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| | | | Long-Term Debt Pymts | \$18,000 | \$18,000 | \$36,000 | \$24,000 | \$24,000 | \$48,000 | \$36,000 | \$36,000 | \$72,000 |
| | | | Accrued Interest Pymts | \$18,000 | \$18,000 | \$36,000 | \$24,000 | \$24,000 | \$48,000 | \$36,000 | \$36,000 | \$72,000 |
| | | | Letter Agreement Pymts | \$18,000 | \$18,000 | \$36,000 | \$24,000 | \$24,000 | \$48,000 | \$36,000 | \$36,000 | \$72,000 |
| | | | Subtotal, Other Pymts | \$63,000 | \$129,000 | \$192,000 | \$81,000 | \$147,000 | \$228,000 | \$117,000 | \$113,000 | \$230,000 |
| | | | NET INCOME (LOSS) | \$88,390 | (\$57,221) | \$31,169 | \$76,007 | (\$45,210) | \$30,797 | \$46,201 | (\$4,944) | \$41,257 |
| | | | Retained Earnings Account at Jan. 1 | | | (\$1,317,266) | | | (\$1,317,266) | | | (\$1,317,266) |
| | | | Rate Base at Jan 1 | | | \$1,000,000 | | | \$1,000,000 | | | \$1,000,000 |
| | | | Rate of Return, pro forma (%) | | | 3.12% | | | 3.08% | | | 4.13% |
| | | | Additional revenue required to earn | | | | | | | | | |
| | | | Target Rate of Return: 10.3% | | | \$71,831 | | | \$72,202.97 | | | \$61,743 |
| | | | Average Rate of Return | | | 0.80% | | | 1.25% | | | 1.73% |
| | | | Balance, Line Replacement Reserve | | | \$219,471 | | | \$280,647 | | | \$344,577 |
| | | | Increase in Payables to Associated Companies | | | \$0 | | | \$0 | | | \$0 |
| | | | Decrease (Increase) in Accounts payable | | | \$31,169 | | | \$30,797 | | | \$41,257 |
| | | | Remaining Balance: 2003 Accounts Payable | | | \$149,996 | | | \$119,199 | | | \$77,942 |
| | | | Gain (Loss) added to Retained Earnings | | | \$0 | | | \$0 | | | \$0 |

Inflation Rate re: Expenses: 3.32%

| Acct. | | Description | Water | Pro Forma Sewer | 2010 Total | Water | Pro Forma Sewer | 2011 Total | Water | Pro Forma Sewer | 2012 Total |
|-------|-------|--|------------------|--------------------|------------------|------------------|--------------------|------------------|------------------|--------------------|------------------|
| | | Revenues | | | | | | | | | |
| | | <u>Operating Revenue</u> | | | | | | | | | |
| 460 | 521.1 | Unmetered (Availability Rates) | \$89,019 | \$89,019 | \$198,039 | \$97,039 | \$97,039 | \$194,078 | \$95,098 | \$95,098 | \$190,197 |
| 460 | 521.1 | Unmetered (Side Yard Rate) | \$8,199 | \$8,199 | \$16,399 | \$8,527 | \$8,527 | \$17,054 | \$8,868 | \$8,868 | \$17,737 |
| 461.1 | 522.1 | Metered: Rates | \$172,584 | \$121,577 | \$294,161 | \$184,665 | \$134,950 | \$319,615 | \$197,591 | \$149,795 | \$347,386 |
| 461.1 | | Surcharge | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 | \$5,130 | \$0 | \$5,130 |
| | | Total Sales | \$284,933 | \$228,796 | \$513,728 | \$295,361 | \$240,517 | \$535,878 | \$306,688 | \$253,762 | \$560,450 |
| 470 | 532 | Forfeited Discounts | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 | \$35,000 | \$35,000 | \$70,000 |
| 474 | 536 | Other Revenues (Hook-on fees) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | Main Replacement Charge | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | | Total Other Revenues | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 | \$86,300 | \$35,000 | \$121,300 |
| 400 | 400 | Total Operating Revenues | \$371,233 | \$263,796 | \$638,028 | \$381,661 | \$275,517 | \$657,178 | \$392,988 | \$288,762 | \$681,750 |
| | | To Main Replacement Reserve | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 | \$51,300 | \$0 | \$51,300 |
| | | | \$319,933 | \$263,796 | \$583,728 | \$330,361 | \$275,517 | \$605,878 | \$341,688 | \$288,762 | \$630,450 |
| | | Expenses | | | | | | | | | |
| | | <u>Operation & Maintenance</u> | | | | | | | | | |
| 620 | 720 | Materials & Supplies | \$1,480 | \$2,768 | \$4,227 | \$1,508 | \$2,858 | \$4,368 | \$1,558 | \$2,954 | \$4,513 |
| 615 | 715 | Purchased Power | \$11,070 | \$11,070 | \$22,140 | \$11,438 | \$11,438 | \$22,875 | \$11,817 | \$11,817 | \$23,635 |
| 618 | 718 | Chemicals | \$2,798 | \$2,798 | \$5,596 | \$2,891 | \$2,891 | \$5,782 | \$2,987 | \$2,987 | \$5,974 |
| 658 | 770 | Bad Debt Expense | \$35,000 | \$26,000 | \$61,000 | \$35,000 | \$26,000 | \$61,000 | \$35,000 | \$26,000 | \$61,000 |
| 632 | 732 | Contract Services: Accounting | \$2,433 | \$2,433 | \$4,866 | \$2,514 | \$2,514 | \$5,027 | \$2,597 | \$2,597 | \$5,194 |
| 633 | 733 | Contract Services: Legal | \$2,776 | \$2,776 | \$5,551 | \$2,868 | \$2,868 | \$5,735 | \$2,963 | \$2,963 | \$5,926 |
| 634 | 734 | Contract Services: Management | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 | \$3,300 | \$3,300 | \$6,600 |
| 636 | 736 | Contract services: Other | \$48,659 | \$48,659 | \$97,319 | \$50,275 | \$50,275 | \$100,550 | \$51,944 | \$51,944 | \$103,888 |
| 641 | 741 | Rents | \$2,190 | \$2,190 | \$4,379 | \$2,262 | \$2,262 | \$4,525 | \$2,337 | \$2,337 | \$4,675 |
| 657 | 757 | Insurance: General Liability | \$4,562 | \$4,562 | \$9,124 | \$4,713 | \$4,713 | \$9,427 | \$4,870 | \$4,870 | \$9,739 |
| 667 | 767 | Reg. Comm'n Exp: Other | \$91 | \$6,174 | \$6,265 | \$94 | \$6,379 | \$6,473 | \$97 | \$6,590 | \$6,688 |
| 675 | 775 | Miscellaneous Exp. | \$2,676 | \$2,676 | \$5,353 | \$2,765 | \$2,765 | \$5,530 | \$2,857 | \$2,857 | \$5,714 |
| 401 | 401 | Total Operation & Maintenance | \$117,015 | \$115,405 | \$232,419 | \$119,628 | \$118,263 | \$237,891 | \$122,328 | \$121,217 | \$243,545 |
| 403 | 403 | Depreciation | \$25,000 | \$21,000 | \$46,000 | \$25,000 | \$21,000 | \$46,000 | \$25,000 | \$21,000 | \$46,000 |
| 407 | 407 | Amortization (incl rate case exp) | \$7,063 | \$6,107 | \$13,170 | \$7,063 | \$6,107 | \$13,170 | \$7,063 | \$6,107 | \$13,170 |
| 408.1 | 408.1 | Taxes Other than Income | \$4,866 | \$4,866 | \$9,732 | \$5,027 | \$5,027 | \$10,055 | \$5,194 | \$5,194 | \$10,389 |
| | | Utility Operating Income: Water | \$185,989 | \$116,418 | \$282,407 | \$173,643 | \$125,119 | \$298,762 | \$182,103 | \$135,243 | \$317,348 |
| 419 | 419 | Interest Income | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 | \$6 | \$6 | \$11 |
| 427 | 427 | Interest Expense | \$6,000 | \$6,000 | \$12,000 | \$6,000 | \$6,000 | \$12,000 | \$6,000 | \$6,000 | \$12,000 |
| 433 | 433 | Extraordinary Adjustment (Note 1) | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 | \$10,105 | \$5,052 | \$15,157 |
| | | NET INCOME (LOSS) | \$170,100 | \$115,476 | \$285,578 | \$177,754 | \$124,177 | \$301,930 | \$186,213 | \$134,301 | \$320,514 |

Note 1: Depreciation of CIAC

Other Payments

| | | | | | | | | | |
|--|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|------------------|
| For Tower Maintenance Contract | \$9,000 | | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 |
| For Sewer Plant Maintenance Fund | | \$5,000 | \$5,000 | | \$5,000 | \$5,000 | | \$5,000 | \$5,000 |
| For Lost Nation Repairs | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Long-Term Debt Pymts | \$7,267 | \$7,267 | \$14,534 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Accrued Interest Pymts | \$60,000 | \$60,000 | \$120,000 | \$72,000 | \$72,000 | \$144,000 | \$72,000 | \$72,000 | \$144,000 |
| Letter Agreement Pymts | \$36,000 | \$36,000 | \$72,000 | \$10,000 | \$10,000 | \$20,000 | \$0 | \$0 | \$0 |
| Subtotal, Other Pymts | \$112,267 | \$108,267 | \$220,534 | \$91,000 | \$87,000 | \$178,000 | \$81,000 | \$77,000 | \$158,000 |
| NET INCOME (LOSS) | \$57,833 | \$7,209 | \$65,042 | \$86,754 | \$37,177 | \$123,930 | \$105,213 | \$57,301 | \$162,514 |
| Retained Earnings Account at Jan. 1 | | | (\$1,317,266) | | | (\$1,317,266) | | | |
| Rate Base at Jan 1 | | | \$1,000,000 | | | \$1,000,000 | | | \$1,000,000 |
| Rate of Return, pro forma (%) | | | 6.50% | | | 12.39% | | | 18.25% |
| Additional revenue required to earn | | | | | | | | | |
| Target Rate of Return: 10.3% | | | \$37,958 | | | | | | |
| Average Rate of Return | | | 2.41% | | | 3.66% | | | 5.06% |
| Balance, Line Replacement Reserve | | | \$411,382 | | | \$481,195 | | | \$554,148 |
| Increase in Payables to Associated Companies | | | \$0 | | | \$0 | | | \$0 |
| Decrease (Increase) in Accounts payable | | | \$65,042 | | | \$41,257 | | | \$0 |
| Remaining Balance: 2003 Accounts Payable | | | \$41,257 | | | \$0 | | | \$0 |
| Gain (Loss) added to Retained Earnings | | | \$0 | | | \$62,673 | | | \$162,514 |